Fleece not a sheepish category

Discounters dominate

Where do you most often shop for children's fleece	Total Mothers	Mothers of Boys	Mothers of Girls	Mother's Age 18-29	Mother's Age 30-39	Mother's Age 40+	Under $20K	Income $20K-$39.9K	$40K+
Discount store	48%	45%	45%	53%	44%	36%	57%	54%	31%
Department store	34	31	38	34	34	39	28	33	36
Off-price store/ factory outlet	6	5	6	2	8	5	2	1	13
Sears	4	5	3	1	5	5	2	7	3
Children's specialty store	3	2	3	4	3	2	3	1	4
Catalog/ mail order	1	1	1	1	1	—	2	—	—
Other	3	10	2	2	5	10	5	3	12
Don't know	1	1	2	2	1	3	1	1	1

Source: The Gallup Organization for *AM*.

Ask a group of mothers about their views on proper child rearing and a lively, diverse discussion will undoubtedly ensue. However, if the conversation turns to clothing the kids there will surely be a point of agreement. Virtually all of the women will concur that fleece is an important part of their childrens' wardrobes.

In fact, if the group is typical, close to a fifth, 18%, shop for fleece for their children every month. According to a new study conducted by The Gallup Organization exclusively for *Apparel Merchandising*, some mothers will shop for sweats even more frequently. About nine respondents in a hundred shop for children's fleece two or three times a month.

Mothers of little girls, under six years of age, make fleece purchases with the greatest frequency, about two or three times a month.

The survey, which was based on telephone conversations with a nationally representative sample of mothers with children who are 12 years old or younger, points out that more than 94% of the nation's mothers buy fleece for their children.

Mothers of little girls, under six years of age, make fleece purchases with the greatest frequency. Thirteen percent of this group shop for fleece two or three times a month, while 10% of the mothers of under-six boys replenish their sons' sweats that often. Twenty-five percent of the mothers of young boys hit the retail floors looking for fleece once a month compared with 16% of the mothers of under-six girls.

Opportunities for discount store retailers abound in children's fleece, according to the study. Nearly 45% of those queried say they shop most often for their children's fleece at these outlets. Only slightly more than a third, 34%, choose department stores most frequently.

The low pricing strategies of discount stores apparently attract the mothers of young children—everyone knows these tikes go through size ranges at breakneck speed—in particular. More than half, 53%, of the respondents with boys under six shop most often at discount stores for fleece clothing. About 50% of the little girls' moms choose these operations for fleece purchases.

Only about 6% of the total group named off-price outlets (for purposes of the study Kids 'R' Us was included in this group) as their primary fleece purchasing stores. However, it is interesting to note that those respondents in the highest—above $40,000 a year—household income group pick off-price stores twice as often as the respondent group as a whole; more than 13% of the women in the higher income segment say these types of stores are most favored for children's fleece purchases.

The median price mothers expect to pay for a child's fleece garment—it's the same for tops and bottoms—is $8.

It's comes as no surprise that mothers who favor buying fleece at discount stores also expect to pay less than those who shop at other types of operations. About 15% of the discount store shoppers, for example, expect to pay under $5 for a child's fleece top. A fifth of these women say they'll pay $5 to $5.99 for the garment, while nearly two-thirds of the discount store shoppers expect to pay less than $8 for a sweatshirt.

By comparison, only a quarter of the mothers who normally buy their children's fleece at department stores expect to pay less than $8 for a top. About 26% of the department store customers will pay from $10 to $12.99 for children's fleece tops. Only 14% of the discount store shoppers say they'll pay that much.

Many merchants are apparently in good positions in regard to their fleece pricing. A large number sell their children's fleece products at prices that cor- ➤

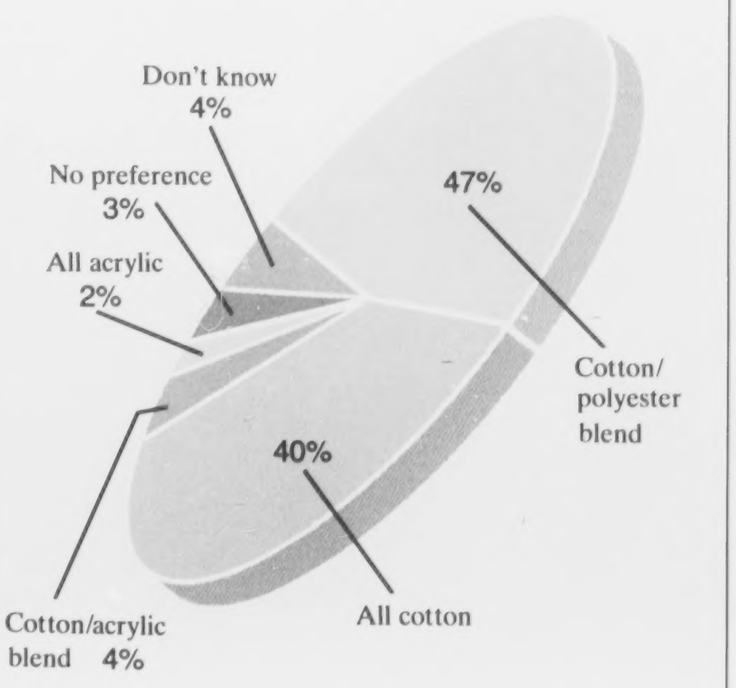
Nearly a fifth of the mothers, 18%, shop for fleece for their children each month

How often do you shop for children's fleece clothing?	Total Mothers	Mothers of Boys	Mothers of Girls
Once a week or more often	1%	1%	2%
Two or three times a month	9	7	10
Once a month	18	20	16
Every couple of months	23	27	18
Twice a year	30	27	34
Once a year	12	12	11
Less than once a year	—	1	—
Only when needed	1	—	2
Never	5	4	6
Don't know	1	1	1

Source: The Gallup Organization for *AM*

Cotton is key

(Which type of fleece clothing do you prefer to purchase for your child?)



Source: The Gallup Organization for *AM*.

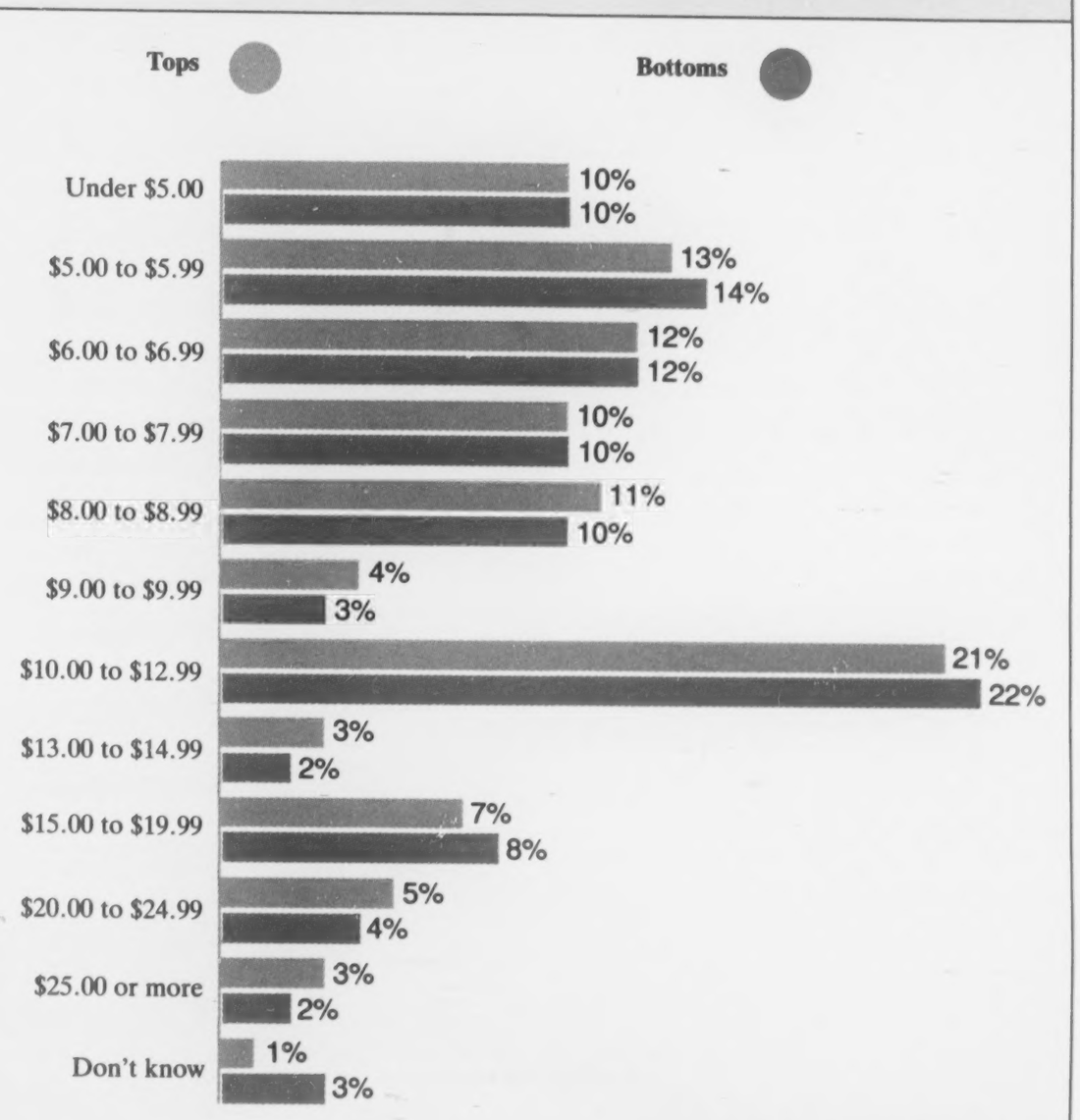
Sweats made from cotton/polyester yarns, the most common fleece composition, are the preference of nearly half of the fleece-buying moms.

respond closely to the spending expectations of mothers. Their assortments are also basically in synch with customers' desires in terms of fiber content.

Sweats made from cotton/polyester yarns, the most common fleece composition at all levels of retail distribution, are also the preference of nearly half of the fleece-buying moms. Forty-seven percent of the group surveyed say they prefer buying that blend for their children.

Interestingly, boys' mothers are significantly more attracted to cotton/polyester fleece than the mothers of girls. More than 53% of the boys' mothers prefer cotton/polyester blends. Perhaps because of the fabric's care and wear performance qualities, a whopping 62% of the moms with under-six boys say they like to buy the blend. By comparison, 40% of the younger and older girls' mothers prefer purchasing cotton/polyester blend fleece for their daughters.

Mothers expect to pay similar prices for fleece tops and bottoms



Source: The Gallup Organization for *AM*

Although higher price points could very well limit its appeal, all-cotton children's fleece may be an underdeveloped manufacturing and retailing opportunity.

Forty percent of the mothers queried say they prefer buying all-cotton sweats for their children. Girls' moms show the greatest inclination to go natural. Nearly half, 48%, of them say they like to buy all-cotton fleece. Fifty-one percent of the women with daughters in the six-to-12 age range say they prefer to purchase cotton fleece for their offspring, while 45% of the mothers of under-six girls choose fleece crafted from that fiber.

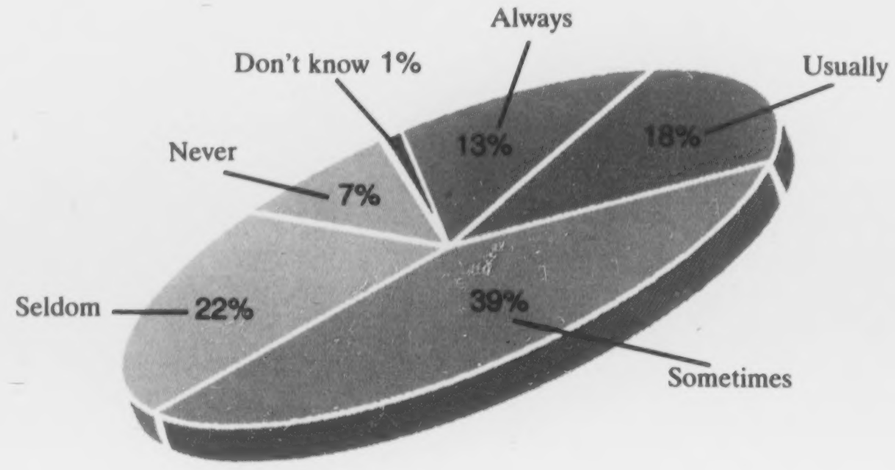
Only about a third, 33%, of the boys' mothers prefer to buy all-cotton fleece. It is the mothers of the older, six- to 12-year-old boys who, like their counterparts with female children, are more prone to buy cotton. Nearly four-in-ten, 39%, say they prefer to buy all-cotton fleece. Closer to a quarter, 27%, of the little boys' moms choose cotton.

Considering that apparel made from 100% cotton fleece constitutes a very small percentage of children's wear sales, it is noteworthy that many mothers appear willing to purchase garments made from the fabric.

Producers and retailers of blended and all-acrylic fleece ought to brush up their marketing efforts, the study indicates. Only 2% of the fleece-buying survey participants have a preference for all-acrylic product. Four percent say they like to purchase cotton/acrylic blends.

Most mothers buy brands

(When you shop for children's fleece, how often do you buy brand name items?)



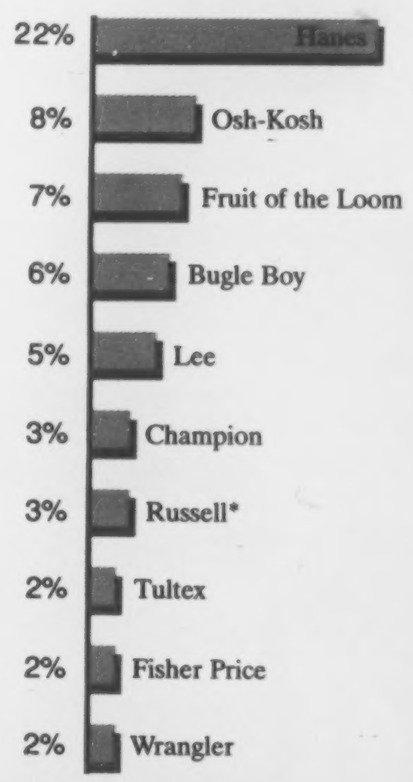
Source: The Gallup Organization for *AM*.

The marketing of brands, however, is apparently having the desired impact on consumers. More than two-thirds, 70%, of those queried say they buy brand-name fleece for their children at least some of the time. Thirteen percent "always" stick with branded goods, while 18% "usually" do. Few mothers, 7%, "never" buy brands, though more than one-in-five, 22%, "seldom" purchase them.

The most frequently named label, by far, is Hanes, which was identified as their choice by 22% of the mothers who buy branded fleece at least sometimes. Osh-Kosh received 8% of the mentions followed by Fruit of the Loom, 7%, and Bugle Boy, 6%. Others in the top ten are Lee, 5%; Champion, 3%; Russell, 3%; Tultex, 2%; Fisher Price, 2% and Wrangler, 2%.

The top 10 children's fleece brands

(Which brand of fleece do you usually purchase)



*Does not include Jerzees label.
Source: The Gallup Organization for *AM*.

Fleece, perhaps because of the intrinsic comfort of the garments crafted from the fabric, has become a children's wear classic. Its popularity shows no signs of abating. By continuing to be sensitive to consumer price expectations, and by supplying their customers with an ample assortment of brands, merchants should be able to sustain the business at levels that won't cause them to sweat the bottom line.

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Discount Store News®

THE INTERNATIONAL NEWSPAPER OF DISCOUNT RETAILING

SECOND CLASS

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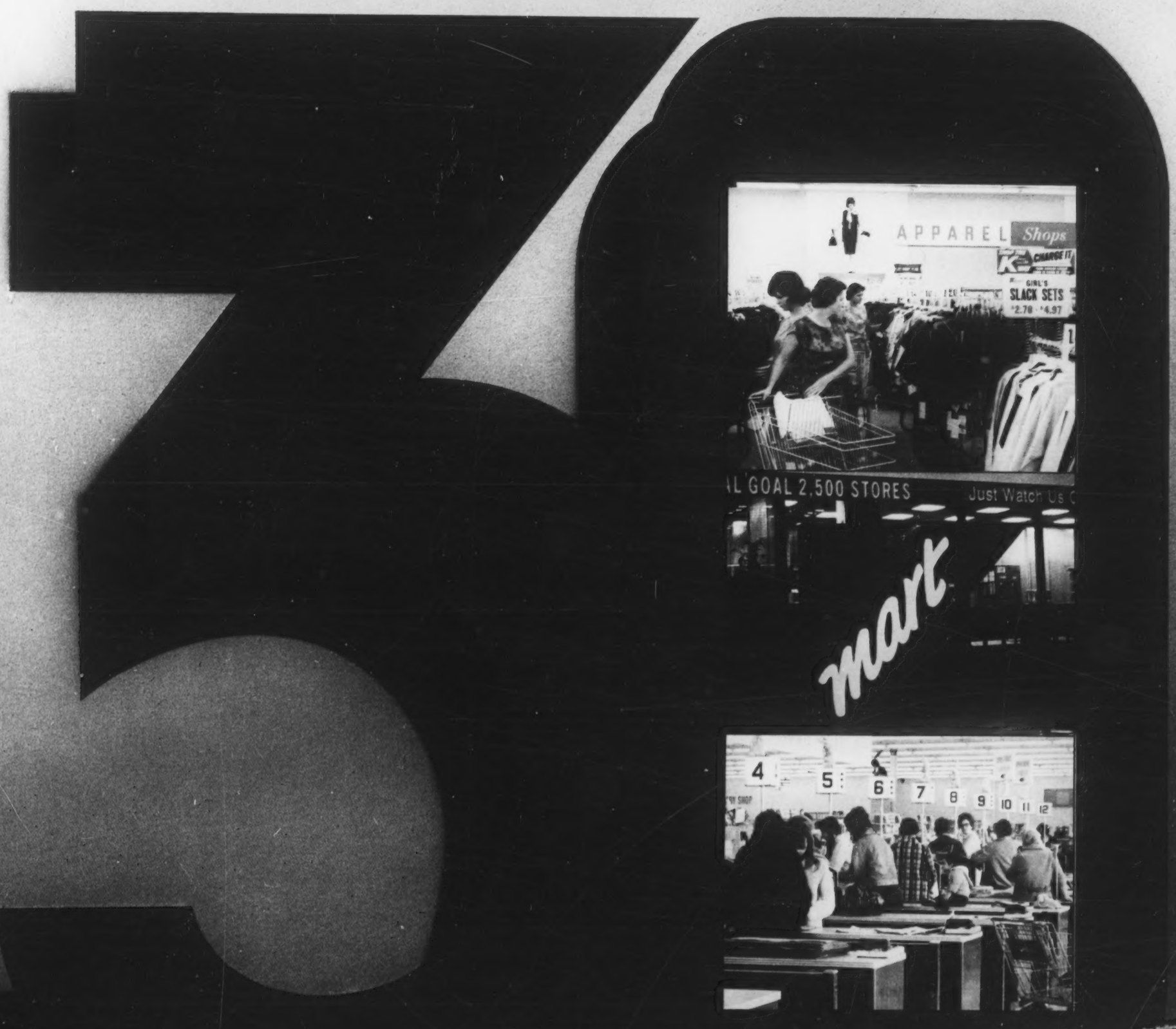
30 Years of Kmart

A look at the past and future of 'America's Favorite Store' through the pages of Discount Store News



From the opening of its first store in Garden City, Mich., March 9, 1962, Kmart has defined and symbolized the discount department store industry. Now, the Troy, Mich.-based chain is remaking its image and its efforts are likely to have repercussions throughout the world of retailing.

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New Year Brings Stronger Sales to Discount Retailers

Nationwide DSN Report

Santa came a month late this year, but discount retailers, who suffered through a weak Christmas, reported record January sales, as consumers flocked to various discount and specialty outlets throughout the month.

Comparable store sales (admittedly competing with a weak January 1991, when consumers stayed home following the Gulf War coverage) leaped across the board. Wal-Mart, which is pulling away from the pack as the nation's No. 1 retailer, reported a strong Christmas, and did even better in January, with same store sales rising 13%. Same store growth at Kmart was a solid 6.2%, and Jamesway, which had been in the doldrums most of the year, shot up 6% during the month. Caldor, which reported a soft Christmas, saw same store sales rise 4.2% in January.

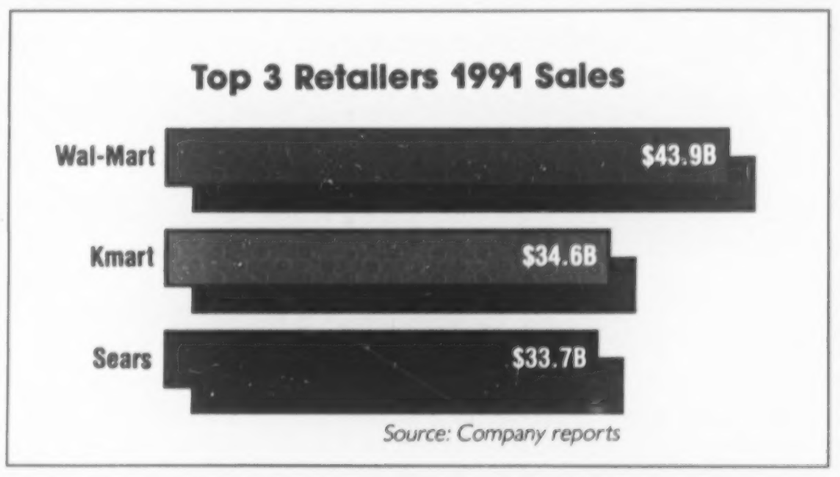
Target's total sales increased 23%, while same store sales rose 13% in January; sister chain Mervyn's sales rose 9% (3% comp) in the month. "Although January sales were better than expected at both our Target and Mervyn's divisions, sales volume continues to be promotionally and clearance driven," said Stephen Watson, president of parent Dayton Hudson Corp. Not unexpectedly, the department store division's sales were flat.

Value City Department Stores reported that comp store sales in January rose 9.2%. "Our strong January sales results continue to confirm that consumers are increasingly more value oriented. Our opportunistic strategy enables us to be well positioned for growth," commented Jay Schottenstein, chief executive. ShopKo same store sales rose 7.2% for the month, but only 1.8% for the year, with an overall sales increase of 6.8% to $1.62 billion.

If discount department stores fattened up after a lean Christmas, deep discounters went hog-wild. Dollar General's same store sales exploded, rising 27.8% for the month and 16.3% for the quarter. Pic 'n Save (which is changing its store names to MacFrugal's) reported same store growth of 17.7% for January, compared to a 2.7% same store increase for the year as a whole. And Consolidated Stores' same store results rose 12% for the month, 5.6% overall.

The specialty arena was nearly as strong. Best Buy same store sales skyrocketed, rising

(Continued on page 142)



Most Discounters Report 1991 Gains

Nationwide DSN Report

Year-end '91 results, while nowhere near as dramatic as January sales, were solid for most discounters.

Wal-Mart, as usual, led the pack, with $43.9 billion in sales, up a whopping 35% from the $32.6 billion sales of 1991. Kmart's sales rose 7.8% to $34.6 billion, meaning that Wal-Mart now has a $10 billion lead over its nearest competitor. The Sears Merchandise Group slipped further behind, with total retail sales of $33.7 billion, down from $33.9 billion last year.

Caldor sales rose 5.7% for the year, to $1.87 billion, although same store sales for the year were down slightly, by 0.4%. Jamesway's sales declined, due to store closings, from $896.6 million to $855.1 million, but same store sales rose 1% for the year.

Rose's 1991 sales dipped slightly to $1.4 billion, from $1.5 billion the year before. Same store sales were down 0.5%. Venture reported that sales rose 7.2% to $1.52 billion for 1991. Same store sales gained 3.4%.

Dollar General's sales for the year rose 16% to $750.9 million, on an 11.1% same store sales increase, while Consolidated Stores' sales rose 13.7%, with a 5.6% same store increase. Pic 'n Save's sales increased a more modest 6.7% to $542.7 million, with same store sales increases of 2.7%.

Specialty apparel retailing had a strong year. Charming Shoppes sales rose 15% to $1.02 billion, with a same store increase of 6%, while Ross Stores did

(Continued on page 147)

Toys 'R' Us Comes Into Japan

Japan's Retailers React to U.S. Category Killer

Special to DSN

TOKYO — "Since our inception, our corporate philosophy has been to do whatever it takes to accomplish our goals," said Robert C. Nakasone, vice chairman of Toys "R" Us, addressing over 100 reporters gathered here at a recent press conference.

This statement, coming against the backdrop of recent Japanese retail industry speculation on the consequences of Toys "R" Us' entry in the market, appears to some Japanese retailers as a declaration of war. If anything, this perception was strengthened by President Bush's visit to the American retail giant's initial unit here in Tsukuba during his recent trip to Japan.

(Continued on page 142)

***Daikuma, the 18-store discount arm of Ito Yokado,** is one Japanese retailer likely to be affected by TRU's entry into the country.* (DSN photo)

Bi-Mart, Sportings Goods Chains for Sale

Nationwide DSN Report

Oil and retailing mix no better than oil and water.

Pacific Enterprises, the oil and gas holding company that owns the 42-unit Bi-Mart discount chain, as well as the largest group of sporting goods stores in the country, found that out the hard way. The company is putting five of its retail chains on the block. For now, it is retaining a sixth chain, the money-losing Thrifty Drug store chain of 618 units, because it hopes to turn it around and land a better price later.

If Bi-Mart, Eugene, Ore., finds a ready buyer, it would make the third time the chain will have changed hands in eight years. Pacific obtained the discounter in May 1988 when it acquired its previous parent, Pay 'n Save, Inc., through a stock deal valued at $232 million from a holding company controlled by the New York investors, Eddie and Julius Trump (no relation to Donald).

In 1984, the Trumps had obtained Pay 'n Save and its Bi-Mart chain in a leveraged buyout but sold the money-losing company when their Northern Automotive Group suffered cash flow problems after a spate of acquisitions.

After closing a store last summer, Bi-Mart operates 42 units averaging 30,000 sq. ft. in Oregon and Washington.

Also on the block are: three sporting goods chains, Big 5, MC Sporting Goods and Gart Bros., with a combined store count of 266; the 126-unit Pay 'n Save drug store chain, Seattle, Wash., and Pacific's oil and gas exploration and production company.

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IMRA Withdraws From NRF; No Merger Planned

WASHINGTON — Hoping to quash all speculation on a possible merger, International Mass Retail Association president Robert Verdisco last week notified National Retail Federation president John Schultz that IMRA was withdrawing from NRF and would not entertain any offers to combine the two organizations.

Verdisco noted several reasons for the action, but the most important, according to IMRA board chairman Warren White, is "the desirability of avoiding any confusion as to which organization represent(s) the mass retail industry." NRF has been known traditionally as the voice of the department store industry, while IMRA has clearly been identified with discounters and category killers.

IMRA also noted that NRF had been quoted in some trade publications as suggesting a merger between the two trade associations.

The stage for the latest move in a longtime adversarial relationship was set in early January when Kmart chairman and ceo Joseph Antonini was elected chairman of the NRF. Kmart previously resigned from IMRA, stating that the two organizations overlapped too much.

For years, Kmart's archrival Wal-Mart has been an active supporter of IMRA. Kmart became an IMRA member when the Association of General Merchandise Chains (to which it belonged) merged with the National Mass Retail Institute in 1987 to form IMRA. Since the merger, Kmart's participation in IMRA conventions and conferences had been spotty, but improving in recent years.

Wal-Mart, on the other hand, tends to turn out en masse for IMRA's annual convention, and has increasingly played a prominent role in the organization's workshops and seminar series. In recent months, president David Glass; senior vice president, store planning, Mel Redman and several others have delivered keynote addresses at IMRA functions.

IMRA noted that NRF often opposes, or fails to act on, legal and legislative issues that IMRA actively supports, and that by withdrawing, IMRA is removing "any confusion as to which organization speaks for the mass retail industry."

White added that the decision to leave and to not accept any invitation to discuss a merger was made to make "crystal clear that IMRA had no interest in any merger and that it would not entertain any invitation on the matter."

Cooperation Will Continue

Verdisco, however, noted that IMRA would continue to cooperate with NRF on issues of mutual concern.

NRF governmental and public affairs division president Tracy Mullin expressed "regret that IMRA has decided to cease working together with the NRF. We have addressed many mutual issues, and now that will be made more difficult." However, she noted, NRF is a wide-spectrum retail organization that represents food, drug, discount and department store outlets. "We are a broad-based organization, and the perception that we represent only the department stores is just foolish," she said.

As for merger rumors, she said that while the subject was probably addressed at some level, no formal offer had been made, to her knowledge. "I just think that after the ARF/NRMA merger allowed us to speak with one voice in Washington, a lot of people thought it was the next logical step to include IMRA in that voice," Mullin posited.

Sears Restructures Its Automotives Subsidiary

CHICAGO — In hopes of achieving greater efficiencies, Sears, Roebuck & Co. consolidated management responsibility of its Western Auto subsidiary with that of its Sears store automotive operations.

Western Auto chairman and chief executive officer John T. Lundegard will command the new Sears automotive group from his offices in Kansas City, Mo.

As such, he will be responsible for the 875 Sears store automotive centers, including 21 freestanding units, and the 548 Western Auto stores, including its tires-only chains, Tire America and National Tire Warehouse.

No Layoffs Expected

No layoffs from the consolidation are expected, a Sears spokesman said. Both organizations will maintain separate headquarters staffs.

Sears expects certain efficiencies, such as sharing systems, to result from the managerial move.

The consolidation at the top removes Western Auto from the control of Sears specialty merchandising division and places it under its retail operations group.

Lundegard reports to Forrest R. Hasselton, who recently was promoted to president, Sears retail, from vice president Sears automotive.

Albert F. Dombrowski, who replaced Hasselton in the automotives slot, will report to Lundegard. John Leach continues as president and chief operating officer of Western Auto.

Western Auto operates 370 company-owned stores and plans to open about 25 more this year. In addition, it owns 101 Tire America stores and 74 NTW units.

Its wholesale division derives revenues from selling to three Western Auto franchised stores, with 20 more expected this year, 38 NTW franchised stores and 1,012 associate stores.

Associate stores aren't true franchised units but carry the Western Auto name. In previous years, many were tiny mom & pop operations serving rural outposts and offering a home and auto merchandise mix, but Western Auto has weeded most of them out. It once supplied 2,600 such units.

Western Auto generated an estimated $1.3 billion in revenues in 1990, but Sears declined to break out actual sales of such subsidiaries from its overall retail figures.

Discounters Discuss Retailing

***1991 was a tough year** for housewares retailing, according to panelists at the Retail Forum, a roundtable discussion sponsored by Discount Store News at the Housewares Show last month. (From left) Tony Lisanti, editor DSN; Bob Sasser, vice president, general merchandise manager, hard lines with Rose's Stores; Garry Dial, vice president, general merchandise manager at Pamida Stores; and Marilyn Gill, senior vice president, merchandising with the Waccamaw housewares and home decor specialty chain discuss retail issues during the forum, held in cooperation with the National Housewares Manufacturer's Association. DSN senior editor, Mary Ellen Kelly, moderated.*

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